

customer is less credit worthy.²³ The Commission believes that by educating investors about the requirements of T+3 settlement, broker-dealer can limit such customer confusion.

Another commenter, Thomson, supports MSRB's efforts to shorten the settlement cycle for municipal securities transactions. Thomson, however, believes that the MSRB should amend rule G-15(d)(ii), which requires the use of a registered clearing agency's facilities for automated confirmation and acknowledgement of all DVP/RVP transactions.²⁴ Since Thomson's letter,²⁵ the MSRB has issued a letter which denied Thomson's request and which stated the MSRB's belief that providers of confirmation/acknowledgment services should be subject to regulatory oversight and should be linked into other providers of such services.²⁶

The Commission believes that the issues raised by the Thomson letter need not be resolved prior to the approval of the proposed rule change. Discussions regarding Thomson's concerns are underway among the Commission, Thomson, and DTC. DTC has submitted a rule filing that will establish a linkage between DTC and vendors such as Thomson.²⁷ In denying Thomson's request, MSRB stated that it would consider any proposals arising from Thomson's discussions with the Commission. The Commission intends to consider whether self-regulatory organization rules should continue to preclude use of private vendor systems for confirmation/affirmation services in DVP/RVP trades. However, the Commission believes that T+3 settlement of municipal securities

should not be delayed while these issues are being resolved.

As discussed above, Thomson's letter suggests that approval of the proposed rule change without amendments to MSRB rule G-15(d)(ii) raises competitive concerns. Under the Act, the Commission's responsibility is to balance the perceived anticompetitive effects of a regulatory policy or decision against the purpose of the Act that would be advanced by the policy or decisions and the costs associated therewith. The Commission notes that any anticompetitive effects pointed to by Thomson are not caused by the proposed rule change approved by this order but rather by an existing MSRB rule. The Commission is reviewing Thomson's claim but does not believe that approval of this proposal will itself create any burdens on competition. Moreover, as discussed above, the rule advances fundamental purposes under the Act, namely the efficient clearance and settlement of securities.

IV. Conclusion

For the reasons stated above, the Commission finds that MSRB's proposal is consistent with Sections 15B and 17A of the Act.²⁸

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁹ that the proposed rule change (File No. SR-MSRB-94-10) be, and hereby is, approved.³⁰

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35434; File No. SR-PTC-95-01]

Self-Regulatory Organizations; Participants Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Reduction of Certain Fees

March 2, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ ("Act"), notice is hereby given that on January 31, 1995, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by PTC. On February 7, 1995, PTC amended the proposal.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The text of the proposed rule change is as follows:

italics indicate additions
[brackets] indicate deletions

Participants Trust Company Schedule of Fees

FULL SERVICE PARTICIPANTS

[Effective April 1, 1995]

Service	Fee
Account Maintenance:	
First Six Business Accounts	\$[2,500.00] 2,000.00/month.
Additional Account	\$250.00/account/month.
Book-Entry Delivery/Receipt*—(includes all DK's and FTX Transactions).	\$[3.00] 2.00 each.
Repo Movement	\$[3.00] 2.00 each.
Seg Movement (\$.50/side)	\$1.00 each.
MVC (Bulk Seg Movement—regardless of number of positions)	\$50.00 each.

²³ Letter from Springate & Company, *supra* note 7.

²⁴ Thomson asserts that rule G-15(d)(ii) precludes vendors such as Thomson from competing with The Depository Trust Company ("DTC"), a registered clearing agency. Letter from Thomson, *supra* note 3. The self-regulatory organization confirmation rules limit confirmation and acknowledgment of institutional trades to the facilities of a registered securities depository.

²⁵ In an earlier letter, Thomson formally requested

P. Howard Edelstein, President, Electronic Settlements Group, Thomson Trading Services, Inc. (A Thomson Financial Services Company), to Harold L. Johnson, Deputy General Counsel, MSRB (June 24, 1994).

²⁶ Letter from Harold L. Johnson, Deputy General Counsel, MSRB, to P. Howard Edelstein, President, Electronic Settlements Group, Thomson Financial Services (November 9, 1994).

²⁷ Securities Exchange Act Release No. 35332 (February 3, 1995), 60 FR 8102.

²⁸ 15 U.S.C. 78o-4 and 78q-1 (1988).

³⁰ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letter from Leopold S. Rassnick, Senior Vice President, General Counsel and Secretary, PTC, to Jonathan Katz, Secretary, Commission (February 1, 1995).

FULL SERVICE PARTICIPANTS—Continued

[Effective April 1, 1995]

Service	Fee
Position Maintenance/P&I Disbursement (includes custody, P&I processing, redemptions and repo accounting).	\$[1.50] 1.25/security/month. \$.50/Serial Note/month.
<i>Bulk Transfers (transfers of collateral into LPA accounts, or caused by a Participant merger).</i>	<i>\$50.00/transfer (regardless of number of positions).</i>
Deposits	<i>\$3.00/certificate.**</i>
[Manual]	<i>[\$4.00/certificate].</i>
[Automated Bulk (200–1,000 pools)]	<i>[\$3.50/certificate].</i>
[Automated Bulk (more than 1,000 pools)]	<i>[\$3.00/certificate].</i>
Withdrawals	<i>\$15.00 each.***</i>
CLF/BFT Movements	<i>\$.50/position/side with a maximum charge of \$50.00/side.</i>
HIC Segregation	<i>\$50.00 each.</i>
Interim Accounting Adjustments	<i>\$10.00 each side.</i>
<i>Publications (Participant Operating Guide, Data Entry Guide and PTC Rules).</i>	<i>\$50.00 each copy (first set free).</i>

*Receive transaction fee waived for transfer of positions to a new Participant.

** Plus transfer agent fee, if applicable. GNMA MBS transfer agent fee is \$10.00 per pool. PTC deposit fee is waived for new Participants.

*** Plus transfer agent fee, if applicable. GNMA MBS transfer agent fees are: \$50.00 per certificate for same day availability, \$25.00 per certificate for next day availability or \$10.00 per certificate for two-business day availability.

LIMITED PURPOSE PARTICIPANTS

[Effective April 1995]

Service	Fee
Account Maintenance	<i>\$500.00/month.*</i>
Book-Entry Delivery/Receipt**—(includes all DK's and FTX Transactions).	<i>\$[3.00] 2.00 each.</i>
Seg Movement (\$.50/side)	<i>\$1.00 each.</i>
MVC (Bulk Seg Movement—regardless of number of positions)	<i>\$50.00 each.</i>
Position Maintenance/P&I Disbursement (includes custody, P&I processing, redemptions and repo accounting).	<i>\$[1.50] 1.25/security/month.</i> <i>\$.50/Serial Note unit/month.</i>
<i>Bulk Transfers (transfers of collateral into LPA accounts, or caused by a Participant merger).</i>	<i>\$50.00/transfer (regardless of number of positions).</i>
Deposits	<i>\$3.00/certificate.***</i>
[Manual]	<i>[\$4.00/certificate].</i>
[Automated Bulk (200–1,000 pools)]	<i>[\$3.50/certificate].</i>
[Automated Bulk (more than 1,000 pools)]	<i>[\$3.00/certificate].</i>
Withdrawals	<i>\$15.00 each.****</i>
CLF/BFT Movements	<i>\$.50/position/side with a maximum charge of \$50.00/side.</i>
HIC Segregation	<i>\$50.00 each.</i>
Interim Accounting Adjustments	<i>\$10.00 each side.</i>
<i>Publications (Participant Operating Guide, Data Entry Guide and PTC Rules).</i>	<i>\$50.00 each copy (first set free).</i>

* A Limited Purpose Account opened by a Full Service Participant is subject to the fee schedule for a Full Service Participant.

** Receive transaction fee waived for transfer of positions to a new Participant.

*** Plus transfer agent fee, if applicable. GNMA MBS transfer agent fee is \$10.00 per pool. PTC deposit fee is waived for new Participants.

**** Plus transfer agent fee, if applicable. GNMA MBS transfer agent fees are: \$50.00 per certificate for same day availability, \$25.00 per certificate for next day availability or \$10.00 per certificate for two-business day availability.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, PTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. PTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to reduce PTC's fees for five of its services (i.e., Account Maintenance, Book-entry Delivery and Receipt, Repo Movement, Position Maintenance/P&I Disbursement and Deposits) and to include additional fees with respect to certain incidental services that are not frequently utilized by PTC participants (i.e., Bulk Transfers and Publications). This proposed rule change will be effective April 1, 1995. PTC believes that the modification is

appropriate based upon PTC's projected earnings and expenses, the desirability of paying dividends on its outstanding stock, and its level of capital.

PTC believes the proposed rule change is consistent with the requirements of the Act and specifically with Section 17A(b)(3)(D) of the Act because the proposal provides for the equitable allocation of fees amount PTC participants.

(B) Self-Regulatory Organization's Statement on Burden on Competition

PTC does not believe that the proposed rule change will have an

impact on or impose a burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments have been solicited or received. PTC will notify the Commission of any written comments received by PTC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) ³ of the Act and pursuant to Rule 19b-4(e)(2) ⁴ promulgated thereunder because the proposal effects a change in a dues, fee, or other charge imposed by PTC. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of PTC. All submissions should refer to File No. SR-PTC-95-01 and should be submitted by March 29, 1995.

For the Commission by the Division of Market Regulations, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-5577 Filed 3-7-95; 8:45 am]

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[Release No. 34-35429; File No. SR-Phlx-94-59]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 to the Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Enhanced Specialist Participation in Parity Options Trades

March 1, 1995.

On November 18, 1994, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change: (1) clarifying when a specialist is entitled to receive an enhanced participation on parity equity and index options trades; and (2) altering the size of the enhanced specialist participation presently available pursuant to Phlx Rule 1014(g). Notice of the proposed rule change appeared in the **Federal Register** on December 30, 1994.³ No comment letters were received on the proposed rule change. The Exchange filed Amendment No. 1 to the proposal on December 20, 1994,⁴ and Amendment No. 2 on February 9, 1995.⁵ This order approves the Exchange's proposal, as amended.

On May 25, 1994, the Commission approved an enhanced specialist participation for "new equity option specialist units trading newly listed options classes where the specialist is on parity with two or more registered options traders ("ROTs") ("New Unit

Split").⁶ On August 26, 1994, the Commission approved, on a one-year pilot basis, an enhanced specialist participation whereby an equity option specialist on parity with one or more ROTs is counted as two crowd participants ("Two-for-One Split").⁷

When either the New Unit Split or the Two-for-One Split apply, no customer order on parity is restricted to a smaller participation than any other crowd participant, including the specialist.⁸

At this time, the Exchange proposes to amend both Rule 1014(g) and Commentary .17 thereto to specify that the enhanced splits apply where equity and index option specialists are on parity with controlled accounts, not just with ROTs. The term "controlled account" includes accounts controlled by or under common control with a member broker-dealer.⁹

In addition to defining the circumstances under which the Two-for-One Split and the New Unit Split will be applied, the current proposal also serves to replace, in certain situations, the Two-for-One Split with a percentage distribution. Those situations are where there are orders for more than five contracts and where only one or two controlled accounts are on parity with the specialist for such orders. In those cases: where there is one controlled account on parity with

⁶ See Securities Exchange Act Release No. 34109 (May 25, 1994), 59 FR 28570 (June 2, 1994) ("Exchange Act Release No. 34109"). The New Unit Split was subsequently expanded to include index option specialists. See Securities Exchange Act Release No. 35028 (November 30, 1994), 59 FR 63151 (December 7, 1994) ("Exchange Act Release No. 35028").

⁷ The Two-for-One Split only applies to orders for more than five contracts. Additionally, it applies to all option classes listed after August 26, 1994, and to 50% of each specialist unit's issues listed prior to that date. Specifically, each specialist unit's issues are divided into quartiles based on the most recent quarterly contract volume; the specialist unit may choose one-half of the issues in each quartile, as long as the total number of issues does not exceed 50% of the unit's issues. See Securities Exchange Act Release No. 34606 (August 26, 1994), 59 FR 45741 (September 2, 1994) ("Exchange Act Release No. 34606"). As with the New Unit Split, this provision was subsequently expanded to include index option specialists. See Exchange Act Release No. 35028, *supra* note 6.

⁸ See Phlx Rule 1014(g) (Two-for-One Split) and Commentary .17 thereto (New Unit Split).

⁹ A controlled account is defined as "any account controlled by or under common control with a member broker-dealer." See Phlx Rule 1014(g). Customer accounts are all accounts other than controlled accounts and specialist accounts. For purposes of Rule 1014(g), discretionary accounts are considered customer accounts. Telephone conversation between Edith Hallahan, Special Counsel, Phlx, and Brad Ritter, Senior Counsel, OMS, Division, Commission, on February 28, 1995. The Phlx represents that the rule will continue to prohibit the application of any such enhancement in instances that would lessen the pro rata participation of customer orders on parity.

³ 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

⁴ 17 CFR 240.19b-4(e)(2) (1994).

⁵ 17 CFR 200.30-3(a)(912) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1992).

³ See Securities Exchange Act Release No. 35141 (December 22, 1994), 59 FR 67744 (December 30, 1994).

⁴ See Letter from Gerald O'Connell, First Vice President, Market Regulation and Trading Operations, Phlx, to Michael Walinskas, Branch Chief, Office of Market Supervision ("OMS"), Division of Market Regulation ("Division"), Commission, dated December 14, 1994.

⁵ In Amendment No. 2, the Phlx withdrew Amendment No. 1, inserted the effective date of the Two-for-One Split (as defined herein) into new Rule 1014(g)(ii), corrected an erroneous cross-reference in new Rule 1014(g)(ii), and clarified that the proposed exceptions to the Two-for-One Split are mutually exclusive. See Letter from Gerald O'Connell, First Vice President, Market Regulation and Trading Operations, Phlx, to Michael Walinskas, Branch Chief, OMS, Division, Commission, dated February 9, 1995.